



**To:** Human Resources and Governance (HR&G) Committee  
**From:** Bill Magness, ERCOT Vice President, General Counsel and Corporate Secretary  
**Date:** November 11, 2013  
**Re:** Item 6.3 – Review of Proposed Voting Procedures

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At the September 16, 2013 HR&G Committee meeting in relation to the Status Report regarding Bylaws Amendments, the Committee discussed considering a proposed Bylaws amendment to synchronize Corporate Member voting procedures which currently differ between a ballot vote and an in-person vote for Bylaws amendments. Committee members requested additional discussion to allow for further consideration of whether the Corporate Member voting procedures should be modified.

#### Proposed Timeline

The Committee may submit a Bylaws amendment on this matter at any time. To maximize efficiency, the Committee should consider pairing this revision with the approval timeline for any other proposed Bylaws amendments the Committee believes should be considered in 2014. As noted in our memorandum on Agenda Item 6.2, ERCOT Legal recommends Board approval by the April 2014 Board meeting for any Bylaws amendments the Committee seeks to make effective before voting for 2015 Board and TAC positions.

#### Proposed Language for Consideration

For Bylaws amendments, currently a ballot vote of Corporate Members in lieu of a meeting requires a vote calculation based on all Corporate Members being considered present whereas an in-person vote of Corporate Members requires a vote calculation based on Corporate Members present (whether in person or by proxy) at the meeting.

Subsection (g) of Section 3.7 (Meetings of the Corporate Members) of the Bylaws provides:

Unless otherwise provided by law, any action required or permitted to be taken at any meeting of the Corporate Members may be taken without a meeting, if a consent in writing, setting forth the action to be taken, is signed by a sufficient number of Corporate Members as would be necessary to take that action at a meeting at which *all of the Corporate Members were present and voted*. Corporate Members may participate in and hold a meeting by means of a conference telephone or other similar communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting pursuant to this Section shall constitute presence in person at such meeting, except where a person participates in the meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened. Where action is taken without a meeting, notice of the proposed action shall be provided to Corporate Members in accordance with Section 3.7(c).

*(Emphasis added.)*



Subsection (d) of Section 13.1 (Amendments to these Bylaws) of the Bylaws provides:

Corporate Members must vote to enact the Board-approved amendment by the following voting procedure:

- (1) For the purposes of voting on Bylaws, each Segment shall have one whole vote.
- (2) Except for the Consumer Segment, an affirmative vote of at least two-thirds of the Corporate Members of a Segment *present* constitutes an affirmative vote by that Segment.
- (3) For purposes of voting on Bylaws amendments, the Consumer Segment shall be subdivided into the following Consumer subgroups:
  - (i) Residential Consumers;
  - (ii) Commercial Consumers; and
  - (iii) Industrial Consumers.

An affirmative vote of the majority of the Corporate Members within a Consumer subgroup shall constitute an affirmative vote of that subgroup. An affirmative vote of at least two of the three Consumer subgroups shall constitute an affirmative vote of the Consumer Segment.

- (4) An affirmative vote by at least four of the seven Segments shall be necessary to amend these Bylaws.

*(Emphasis added.)*

For the HR&G Committee's consideration, if the Committee desires to synchronize Sections 3.7(g) and 13.1(d)(2) of the Bylaws, ERCOT Legal proposes a modification to Section 13.1(d)(2) as follows:

Except for the Consumer Segment, an affirmative vote of at least two-thirds of the Corporate Members of a Segment *present* constitutes an affirmative vote by that Segment.

The Committee may consider whether it desires to leave the Consumer Segment exception intact.

I look forward to answering any questions and receiving any suggested recommendations regarding this matter at the November 18, 2013 HR&G Committee meeting.